

## Episode 211

# How does a local building contractor approach a competitive tender? – with Mark Feldman

The show notes: [www.houseplanninghelp.com/211](http://www.houseplanninghelp.com/211)

Ben: Maybe we could just start with a bit of background about you and your business?

Mark: My working life started as an apprentice carpenter. I carried on with that for a couple of years and then I went into site management, a trainee site manager again for two or three years, which gave me a good, wide experience of the organisation side of building.

I then went back to a smaller contractor, carried on with site carpentry and from then, moved on and started out on my own, which to start with was small carpentry jobs but then slowly built up into larger extension work and refurbishment projects and that sort of thing.

From there, we've moved on to large extensions and new builds when they come up. It's stuff that I've done for other contractors, but it's nice to do it for yourself.

Ben: How many years have you been going?

Mark: My business has been going since about the early Nineties, about '92, '93 I started working on my own with just one other person. I built it up slowly and probably went VAT registered about eight years after that or something. It's built up and became a limited company a few years ago.

Ben: When you go through all of these projects, you've mentioned carpentry, but do you find yourself pulled into blockwork? How do you get these jobs? Do they say, 'we want this style, this, this, this,' a bit like the tender process, or are you involved in the design and build sometimes?

Mark: I've got a carpentry background, but the small company I worked for and did most of my apprenticeship and went back to, were general builders and we were doing mainly refurbishments and extensions. We did the jobs from start to finish. So, from an early stage, I got

involved with all the ground work, drainage, a little bit with brickwork and blockwork and right through all the carpentry, through to first and second fixing carpentry.

Ben: Can you do everything on site? I know you would never want to these days, but are those all skills that you have, more or less?

Mark: I can do most things. Little bits of electrics, plumbing, little bits. I would never touch gas stuff. But I don't have to do it. We just do odd little bits when needed. I can do little bits of plastering, but again not to a plasterer's standards, so we don't get involved with that side of it.

Yes, we can do most things, but we stick to the main things that I'm proficient at.

Ben: How does a new job come along?

Mark: We get our work from various sources. A lot of the work comes through recommendations from previous clients, and also we've got quite a good presence on the internet. We get quite a lot of enquiries through the internet. And we get some work from people seeing the vans around and signs.

We don't actually do any proactive advertising other than the signs and the vans.

Ben: Do you pick and choose what you want to take on, or do you take on everything that comes your way?

Mark: I tend to decide on the size of the jobs that come through. Small jobs we don't normally get involved with, unless we've got a big job that's got a bit of a gap in it. Then if something small comes in, we might fit that in.

On the whole, we try to stick to the larger extensions or the new builds. I like to set up a base for a good six months and know that we've got that work for that period.

Ben: So does that mean that the amount of pitch time is actually fairly small?

Mark: Not really. With the recommendations, we tend to win more of the jobs. With enquiries from the internet, then it's a much lower percentage that you win because you're not known to the client other than them seeing you on the internet.

We're not the cheapest contractor. We like to feel that we provide a good standard of work and that means that our prices are a bit higher.

Also, when we're not given a specification – we've got a specification on this job which is a very detailed spec to price to – when we're pricing purely from the drawings, we basically spec the jobs ourselves. That makes it quite detailed and it means that we give a very comprehensive quote covering as much of the work as possible. It can mean that we appear more expensive compared to other contractors, but in the long run, the other contractors would constantly add additional works and extra items, normally taking it past the figure that we would be at.

Ben: I've done many a quote for videos over the years and a certain amount fall by the wayside, others get taken – I think you're exactly right. You've got to price yourself where you're happy to be and certainly concentrating on really good jobs.

What does it look like though? We've given you this tender package and just even checking it as well as we possibly could, took us a long time. So, can you tell us about when you receive those documents and what you like to do?

Mark: When I get the tender package through, I obviously spend quite a while looking through the drawings, and then go through the specification, try and highlight if there's anything unusual – which on your job, there was plenty!

Ben: We'll come to that in a minute.

Mark: So, I try and highlight the unusual things, make notes of things that stand out, that I wouldn't normally know the prices of, so I can then research and get prices on those items.

Then it's literally a case of working through the spec. We have to rely on the fact that the architect and the client has got the spec accurately and the details on the spec match the drawings. It's not for us to double check that really, because that should have been done by the time it gets to us.

So, just work through it, spending quite a lot of time, and maybe when it is finished, leave it a couple of days, come back to it and go through it again to see if there's anything missed or if it seems to make sense again.

Ben: How do you build in your profit to that? You want to make sure, as a business owner, that you're going to walk away with a profit, but sometimes it's a little vague. How do you do it?

Mark: When it's specced by an architect, some items have a profit and attendance allowance next to them. Normally when it's suppliers of items that have got provisional sums.

On the other items, I just tend to add the profit as I go. So, it will be labour and materials and allow a bit of profit on top of that.

Ben: And also, you allow for your own time? So, you cost that up and that is just pure profit?

Mark: Part of my time in the preambles really, I put a cost in for site management. We'll allow maybe a day or two a week throughout the project that would be just for organisation and management time.

There's a lot of time spent in discussion with the architects, looking things up on the drawings, just organising and keeping on top of what the guys are doing and not actually doing any productive work.

Ben: Because when you get to this stage as well with a build, it's going to demand a number of people and that changes throughout, doesn't it? So, your role really is that of a manager. Is that correct?

Mark: Yes. A big part of my role is managing the works and mediating the trades. I always see myself as a bit of a pacifier between trades and clients, and trades and trades, and make sure everyone gets on and it all gets done in the right order and the right way, with hopefully as little problems as possible.

Ben: How do you like to split your time? When a project like this is underway, what would you be doing on a day to day basis?

Mark: I don't really schedule my time out. In the early stages, when the brickwork and blockwork's going on, I have a bit more time to get on top of materials and things in advance. As it moves forward, I'll probably get a bit more productive myself and hands-on.

So, I just do the organisation as and when it's required. When people ask questions, I'll answer them and sort the information out.

I do have to tend to do a bit in the evenings and weekends to catch up on the paperwork side of things.

Ben: Will you have a lot of other jobs going on at the same time, how does that fit into it?

Mark: Depending on the size of the main job we've got, and the intensity of what's going on, we may only have that one job, or we may have something small going on in the background or little bits that come up that we just fit in.

Ben: What about the transition then? Our job finishes, how do you know you've got your next few months sorted out?

Mark: When we're pricing the work, one of the big questions is when people want to start their work and if they're prepared to wait until the date that we give them. The sort of people that we want to work for are the sort of people who want someone decent, so they're prepared to wait hopefully.

We have a transition period, normally. The jobs can sometimes overlap a little bit, maybe a few weeks. So, with doing the finishing off bits and then starting the groundwork on the next job, and brickwork can be starting whilst we're finishing the main job.

Again, it depends on what is involved in the finishings. If we've got all the exterior landscaping and that side of it to do as well, then we might wait until we're totally finished, and then move on and start afresh.

Ben: What are the typical gaps that you might have for someone? So, you've priced up the job, they're going ahead. How many weeks would it be at the least versus the longest?

Mark: It varies a lot. When we're at the beginning of a project – so at the moment we've got about seven months left on the project we're on – then if anyone enquires at the moment, we've got a job to follow on which is another six months ...

Ben: You've already got one?

Mark: Yes, we've got something lined up.

Ben: What stage is that at, at the moment?

Mark: It's another new build and the plans are just going in for building regulations. But the job's been priced, and the client wants to go ahead. So, it should all just follow on.

Ben: Very nice. What about this job in particular then? What were you concerned about?

Mark: No real concerns other than making sure we'd covered everything price wise, trying to organise the costs for the stuff that we don't normally do. The airtightness stuff really.

Ben: That's often what I get told, when people do Passivhaus for the first time it's very difficult to know how much things will cost, particularly doing plastering on this masonry build and how many days, weeks to allow for that, so they price in risk. Is that something that you've been careful about?

Mark: We've been careful with the pricing, but not so much risk, because I feel that we've got enough experience to know what it should take. A bit of an allowance.

We've been involved not in a fully airtight passivhaus, but we've been involved in carrying out extensions which have been required to be as airtight as possible, using the same sort of ideas with everything being taped up for airtightness. So, we know how much that takes and how much tape tends to get used. So we've made allowances for that.

We've just covered costs, and luckily it's been broken down quite well by the architect so we're able to price individual items which makes it a lot safer, because we're not guessing what we've got to do, to do the airtightness. We've just got to research and look into what the architect's specified.

Ben: Certainly, now we're underway, I think I appreciate how if you are going to go down the tender route, the more detail you can put in and the less you can change throughout, it just makes sense, doesn't it? I assume that's from your side as well.

Mark: Definitely. Sometimes architects can go too far with detail, and you end up pricing every little item down to the last screw almost. Everything gets a little bit added on to it, so it can make it quite a bit more expensive for the client if it's too detailed for a specification.

With this job, I think it's about right. It's got the detail that we need to cost the job effectively, without being over-pedantic.

Ben: So, you don't need to know every screw, do you? You need to know roughly how much insulation it's going to have, how much it's going to cost ...

Mark: Yes. It's not really quantified by the architect, it's specified. We've got to do the quantifying.

Ben: Ah, okay. So, that you have done enough buildings to know – that's interesting.

Also, these PC sums – you have mentioned it already, but I think it's worth explaining to anyone that hasn't gone into this process. Do you sometimes find projects with a lot of PC sums?

Mark: We can do. Again, it depends on the architect and the client. Some projects, clients will just accept that they're providing bathroom suites, kitchens, floor tiles and floor finishes, and there are no PC sums or anything in there for that. They're just accepting that they've got a cost involved in providing those items.

Whereas other projects, such as the one we're on currently, will have a lot of PC sums which will cover all of those items. So, the client's got a clearer idea of where they're going, although they are just provisional, and it can change.

Ben: It's worth pointing out in this project that the contract administration is happening through the architect. So, that works quite nicely, does it? That you have one source? So, instead of us speaking to you and saying, 'we need this changed' and you going ahead and then doing it, do you find that simpler as a contractor too?

Mark: I think it needs to be either one way or the other. We do it both ways. If we're working where an architect's involved, they need to be in control. The client works through the architect and we work through the architect and it works well that way.

Other contracts, the client doesn't necessarily employ the architect to administer or oversee the works. They just have the architect do the drawings and come back to them with any queries, and we'll work directly with the client. I think it possibly makes a bit more work for the client, but it's not too bad for us and it works well that way as well.

It's probably a bit more efficient with the architect because you've got someone who's at a desk doing it all the time, rather than me popping home and doing bits as we go. But it works well both ways.

Ben: Just going back round to the whole tender process, are you setting out just to put in your best figure, or are you thinking, 'we really need to win this'? Does it just not matter to you in some ways?

Mark: It totally depends on our circumstances at the time. If we're really busy and we've got two years' work lined up, then we're not so fussed and so, the prices probably will increase a bit. If we're running tight, running close to the end of a contract and have

nothing lined up, then we're going to be a bit more competitive to try and win the jobs.

Ben: Have you ever had any hard times, thinking of recessions and things like that? How do you get through?

Mark: We've been very lucky that we've not been out of work. We've managed to keep going constantly. Hopefully, we feel that's because we're decent and people will go with decent builders.

The prices have had to get tighter at times, where it's got more competitive and it's coming closer to not having work. You have to tighten up to ensure you get the work. But luckily, we haven't been out of work at any stage.

Ben: When we set out, we had a budget and all of the tenders went over. Have you noticed any changes in pricing and costs? Have they gone up from your perspective, or is it just from a clients' perspective?

Mark: I think costs have jumped quite considerably recently. Labour costs have gone up quite a lot recently. Bricklayers are very expensive at the moment; there's a shortage. I suppose with housebuilding going on, that side of it's dearer.

And I think with the euro, there's been a bit of an increase because obviously a lot of materials are imported. Insulation's gone up a hell of a lot over the last year. We've had quite a few price increases. Probably a thirty percent increase over the last year, which is quite big. And obviously, timber and other bits and pieces all creep up.

It's awkward because we're trying to keep our prices similar in order to win the work, so there's less profit. We're having to start to creep the prices up now.

Ben: This being our particular situation, that things did go beyond our budget, when we go through the value engineering process, is that quite standard for you as well, or just part of having a contract?

Mark: It's not something we've really had to do much of before. Normally we price it and those prices are looked at. If it's well over budget, then obviously the client has to look at where they can save money. It's a bit awkward on a new build. If it's extension works, you can think about not doing all of it, maybe not having the garage built or leave a couple of bathrooms out, or something like that.

With the Passivhaus thing, I think it's probably awkward to estimate how much the build is going to cost before you start getting the tenders in.

Ben: Is it exciting to be doing a Passivhaus? There must be some learning curve involved.

Mark: I think it's interesting. I probably lost a bit of excitement a few years ago, but I enjoy the challenge. It's interesting to have to think of other things and I think it's quite interesting to have a challenge that you've got to try and meet this more or less zero airtightness reading at the end.

So, I look forward to achieving it and always look forward to seeing the end product.

Ben: We'll catch up again further down the line, but for now, Mark, thank you very much.

Mark: Thanks.